

Message Text

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ACTION COME-00

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R 271655Z MAR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4515

UNCLAS LIMA 2537

E.O. 11652: N/A

TAGS: BEXP, PE

SUBJECT: SANTA ROSA MINING PROJECT

REF: STATE 49914

1. THERE FOLLOWS REPLY TO QUESTIONS POSED PARA 2 REFTEL:

A(A) PARSONS-JURDEN DIVISION OF RALPH M. PARSONS COMPANY DELIVERED PRE-FEASIBILITY STUDY TO MINERO PERU AS SCHEDULED IN EARLY MARCH. FEASIBILITY STUDY TO BE DELIVERED BY SEPTEMBER 5 BY SAME FIRM.

(B) MINERO PERU OFFICIAL SAID THAT THERE IS POSSIBILITY THAT PARSON-JURDEN COULD CONTINUE AS ENGINEERING AND CONSTRUCTION CONTRACTOR, ALSO WITH MANAGEMENT CONTRACT, FOR FIRST FEW YEARS OF OPERATION. THIS WOULD DEPEND ON BANKS SUPPLYING FINANCING PACKAGE; THAT IS, MINERO PERU WOULD PROBABLY BE WILLING TO DESIGNATE ANY COMPANY SATISFACTORY TO BANKS.

(C) PROSPECTS FOR US FIRMS EXCELLENT. CONSIDERING WHOLE COMPLEX, INCLUDING OPEN PIT MINE PRODUCING 165,000 METRIC TONS COPPER, ROADS, INFRASTRUCTURE, REFINERIES, PORTS, ETC. THIS IS POTENTIAL \$1.2 BILLION PROJECT. DEPENDING ON MEANS OF FINANCING, IT APPEARS THAT, DUE TO SCALE OF PROJECT, US ONLY FEASIBLE SOURCE FOR EQUIPMENT AND CONSTRUCTION SUPERVISION. MINERO PERU ALREADY TALKING TO US BANKS AND KAISER ENGINEERS. IF FINANCING APPEARS FEASIBLE, MINERO PERU WILL PLACE ORDERS FOR LONG-LEAD ITEMS SOMETIME JULY-AUGUST THIS YEAR. PRELIMINARY ESTIMATE IS THAT THE FIRST ORDER WOULD BE FOR \$23 MILLION TO COVER ELECTOR-HAUL TRUCKS AND DRAG LINES.

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2. COMMENT: MINERO PERU IS ANXIOUS TO INITIATE PRODUCTION ASAP DUE TO HIGH PROFITABILITY AND NEED TO INCREASE COPPER EXPORTS IN SHORTEST POSSIBLE TIME. THIS ANXIETY IS MAIN ADVANTAGE WE HAVE OVER RIVALS. AT SAME TIME, IT WOULD BE UNWISE FOR LARGE NUMBER OF COMPANIES TO DELUGE MINERO PERU UNTIL ENGINEERING STUDIES COMPLETED. HOWEVER, IT WOULD NOT HURT TO INFORM APPROPRIATE OFFICIALS OF MINERO PERU OF INTEREST BY INDIVIDUAL FIRMS. DISCRETION IS REQUIRED IN ORDER NOT TO CONFUSE OR TO DELAY PREPARATION OF PROJECT.
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